

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1550 - SB1787

March 2, 2019

SUMMARY OF BILL: Repeals the Tennessee Education Savings Account (ESA) Pilot Program signed into law on under Public Chapter 506 of 2019. Deletes Tennessee Code Annotated 49-6-2601 through 49-6-2612.

ESTIMATED FISCAL IMPACT:

**Decrease State Expenditures – Exceeds \$1,000,000/FY19-20
\$41,880,100/FY20-21 and Subsequent Years**

Decrease Local Expenditures – \$192,500/FY21-22 and Subsequent Years

Passage of this legislation will prevent a shift in BEP funding amongst local education agencies estimated as follows: \$36,881,150 in FY21-22; \$55,321,725 in FY22-23; \$73,762,300 in FY23-24; \$92,202,875 in FY24-25; and \$110,643,450 in FY25-26 and subsequent years.

Assumptions:

- The proposed legislation removes the ESA program entirely.
- Based on the Governor's recommend budget document for FY20-21, funds for the ESA program are allocated as follows:
 - \$2,271,300 in FY19-20; and
 - \$41,880,100 in FY20-21.
- If the ESA program is repealed, then these expenditures will not occur.
- Currently, \$1,476,312 of the FY19-20 allocation remains unspent; this does not account for any additional invoices or reconciliations that may occur prior to the close of the fiscal year.
- It is estimated that for FY19-20, at least \$1,000,000 will revert back to the General Fund.
- It is estimated that state expenditures will decrease \$41,880,100 in FY20-21 and subsequent years.
- If ESAs are repealed, local education districts (LEAs) will continue to receive the funds that they had previously been receiving, resulting in a possible increase of local funding over what would happen in an ESA; however, LEAs will also have students to educate.

- It is estimated that the expenses to educate the students will be offset by the revenues, resulting in a net zero effect.
- Based on the analysis for HB 939, which was signed into law under Public Chapter 506, it was estimated that a shift in BEP funding amongst LEAs (assumes \$7,376.23 per pupil) would result as follows:
 - FY21-22 : \$36,881,150
 - FY22-23 : \$55,321,725
 - FY23-24 : \$73,762,300
 - FY24-25 : \$92,202,875
 - FY25-26 : \$110,643,450
- If the proposed legislation goes into effect, then the estimated shifts in BEP funding will not occur.
- The proposed legislation will decrease local expenditures for administering state assessments to students by \$192,475 in FY21-22 and subsequent years.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/alh